VLCC

IFCHOR GALBRAITHS

Monthly Fundamentals

Spot Market Overview

- Spot TCEs remain high
- Current TCE levels are around US$ 166,600 / day for Eco units

Fleet Overview

- 42 VLCCs scheduled for delivery in 2026, a significant rise on 2025 levels
- Even more significant deliveries are expected in 2027-2029 period

Period Market Overview

- Timecharter levels are fluctuating, although remaining elevated
- 1 year TC for an eco scrubber vessel sits at US$ 112,500 / day

Oil Fundamentals Overview

- Global oil demand to contract by 1.1mb/d across 2026
- Crude oil prices dropped significantly following MOU between the USA and Iran

S&P Market Overview

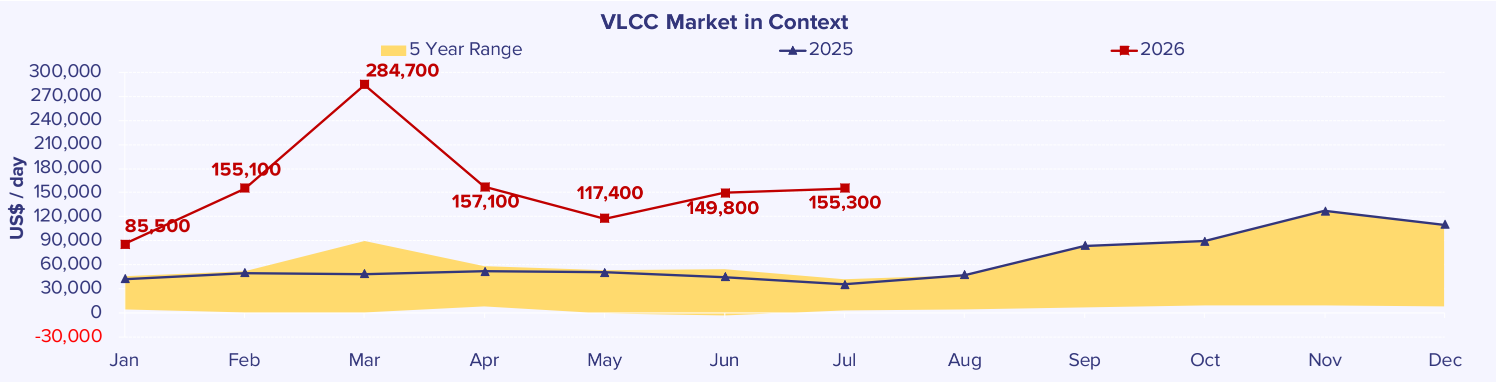
- Strong increases in pricing and demand for prompt tonnage

July 2026

Spot Market Overview

IG Assessments

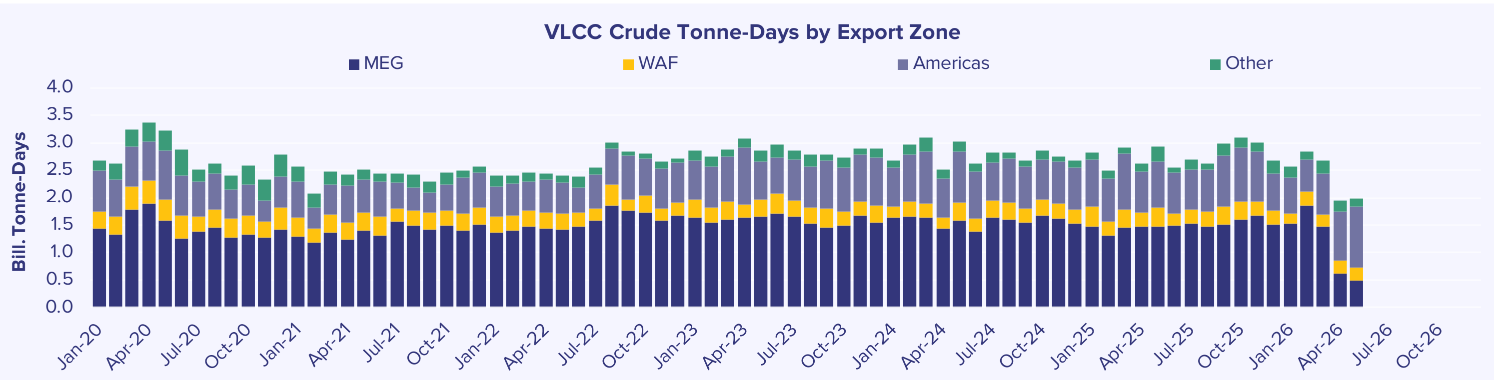
10 Jul 2026	MEG / China 270kt		USG / China 270kt		Brazil / China 270kt		Global Basket - TCEs			
	WS	TCE	LS	TCE	WS	TCE	Non Eco	Non Eco Scrubber	Eco	Eco Scrubber
Current			**17.5**	**124,717**	**161.0**	**154,312**	**156,499**	**166,996**	**166,592**	**174,239**
May-26	137.5	114,572	17.1	112,662	131.6	113,406	104,752	113,495	117,428	123,637
Jun-26			18.3	129,828	144.9	132,974	136,944	153,357	149,802	162,027
Jul-26			**17.7**	**128,495**	**149.0**	**140,752**	**145,194**	**156,767**	**155,323**	**163,815**
2024	57.6	39,044	8.2	45,084	58.6	42,029	31,017	37,734	39,903	44,753
2025	73.2	65,062	9.3	58,953	69.5	61,313	57,032	60,937	64,502	67,223
2026 ytd			**17.5**	**123,704**	**139.6**	**128,210**	**147,632**	**155,585**	**158,448**	**164,130**



The average earnings have corrected quite significantly since the peaks in March this year, when the TCE average for the month reached US$ 284,700 / day for an Eco vessel. The rates dropped to US$ 117,400 / day on average during May, and since that point those bounced back again to US$ 149,800 / day in June.

There has been a slight uptick in July earnings. However, with uncertainties around the potential deal between the US and Iran still ongoing, the volatility is expected to remain.

Volumes



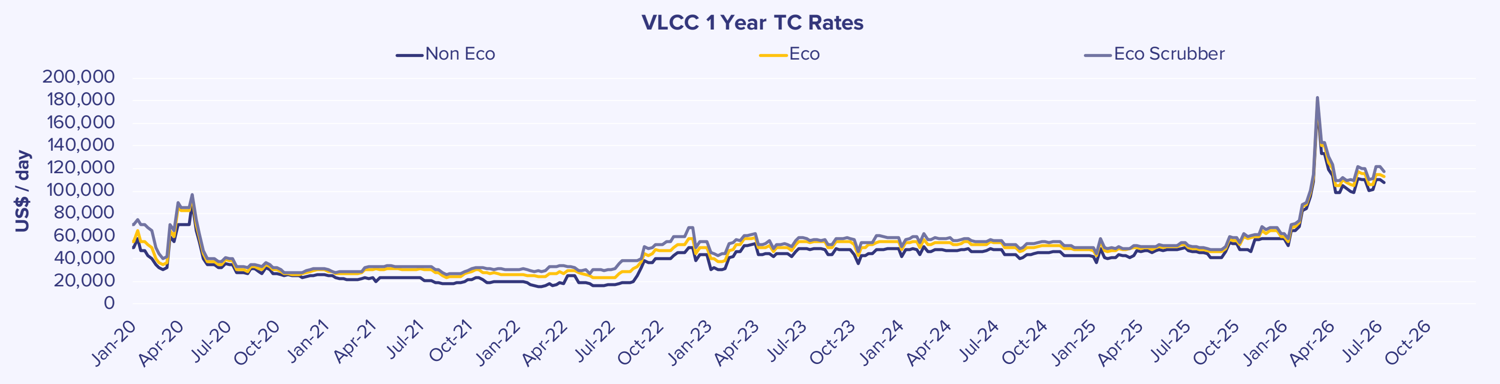
The VLCC market being so dependent on MEG export volumes lost around 30% of tanker demand in April as measured in tonne days compared to the same month last year. Overall utilisation remained relatively unchanged during May in comparison to April.

Utilisation levels are continued to be supported by the replacement barrels coming out of Americas. The actual utilisation levels for volumes coming out of the Americas strengthened between April and May. There have been some more ships passing through the Strait of Hormuz over the last few weeks. However, at the time of writing some renewed attacks on commercial ships in the region and US attacks on Iran are not giving much confidence about the quick conflict resolutions.

Period Market Overview

IG Assessments

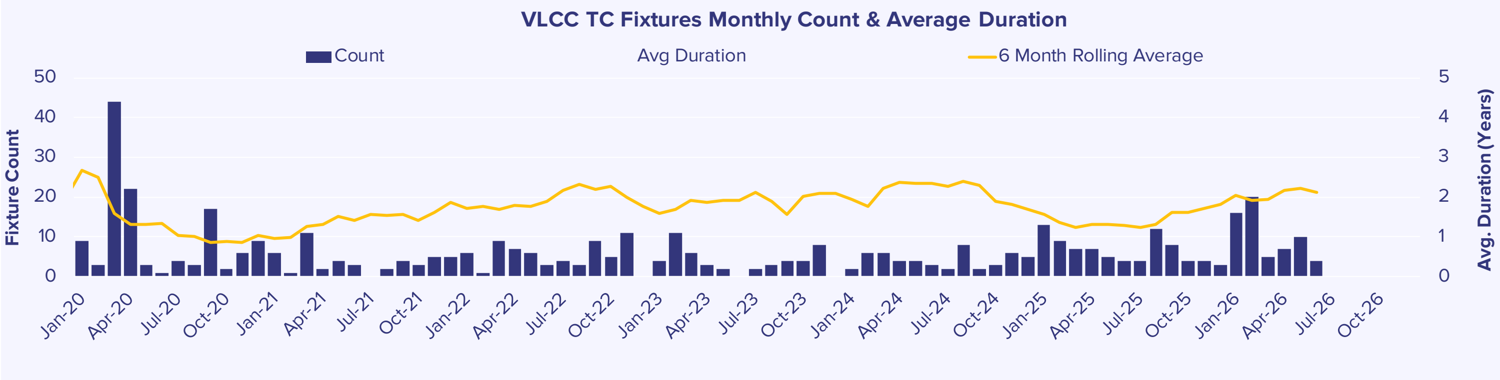
10 Jul 2026	1 Year TC			3 Year TC			5 Year TC		
	Non Eco	Eco	Eco Scrubber	Non Eco	Eco	Eco Scrubber	Non Eco	Eco	Eco Scrubber
Current	**108,000**	**112,500**	**117,750**	**65,500**	**70,000**	**75,250**	**48,000**	**52,500**	**57,750**
May-26	105,250	111,063	115,063	62,938	68,750	72,750	47,938	53,750	57,750
Jun-26	105,625	110,688	115,875	63,063	68,125	73,313	46,188	51,250	56,438
Jul-26	**109,125**	**113,750**	**119,625**	**65,375**	**70,000**	**75,875**	**47,875**	**52,500**	**58,375**
2024	45,736	51,755	54,957	43,096	49,207	52,389	36,750	42,837	45,990
2025	47,438	52,063	54,058	43,798	47,558	49,803	41,029	44,837	46,962
2026 ytd	**100,804**	**105,563**	**109,071**	**61,339**	**66,107**	**69,616**	**48,446**	**53,214**	**56,723**



Following closely on the fortunes of the spot market, the period market peaked around the March time, and since then the monthly average rates corrected downwards. At the time of writing, 1 year TC Eco Scrubber rates are sitting at US$ 112,500 / day which is around 38% reduction from the peaks in March when the rate reached US$ 182,750 / day. Longer term period rates followed the similar trend as observed of 1 year TC rates, naturally with smaller amplitude of change.

Despite the rates softening from the March peaks, the average period market rates remain elevated by historical standards.

Timecharter Statistics



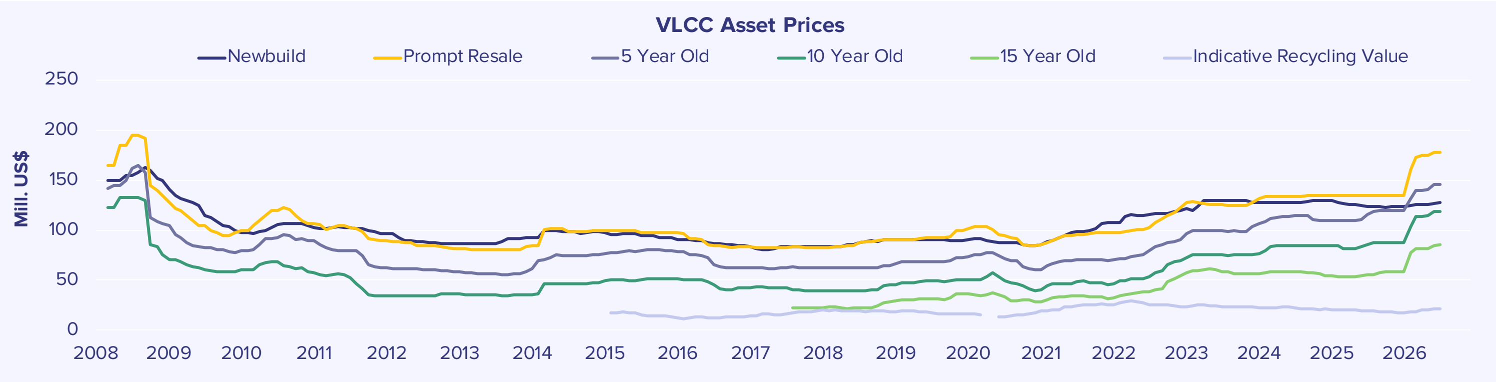
After the strong start to the year for the VLCC time charter market, when 16 fixtures (of a minimum duration of 6 months) were reported during January and 20 fixtures during February, the activity collapsed in March when 5 deals were reported. This did not come as a surprise considering the events in the Middle East and closure of the Strait of Hormuz.

Notably since March, the activity was on an upward movement, with 7 deals reported in April and further 10 in May. However, June activity reverted back to lower levels with only 4 deals reported for the month. With a few deals reported in June being below 1 year period, the 6 months rolling average curve for the TC duration moved slightly downwards and it hovers just above 2 years at the time of writing.

Sale & Purchase Market Overview

IG Assessments

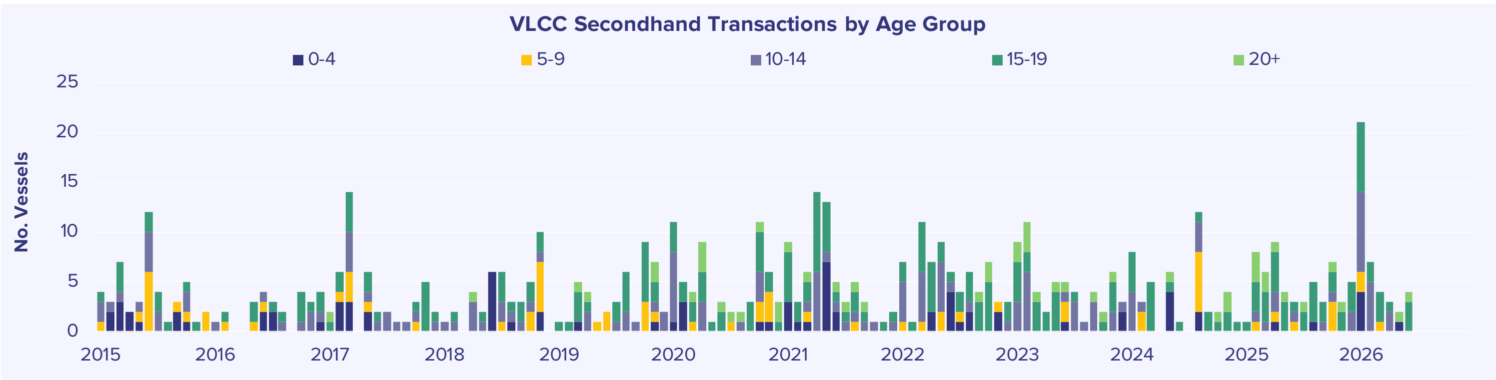
10 Jul 2026	Newbuild	Prompt Resale	5 Year Old	10 Year Old	15 Year Old	Indicative Recycling Value
Current	**128.0**	**178.0**	**146.0**	**119.0**	**87.0**	**21.1**
May-26	126.0	175.0	140.5	114.3	81.0	20.6
Jun-26	126.8	178.0	146.0	118.3	85.0	20.9
Jul-26	**127.5**	**178.0**	**146.0**	**119.0**	**86.0**	**21.1**
2024	128.6	134.1	112.0	83.6	57.3	22.1
2025	125.2	135.0	114.5	85.1	55.2	19.3
2026 ytd	**125.7**	**166.5**	**137.1**	**109.7**	**78.6**	**19.3**



The trend of strengthening the second hand asset prices in the VLCC sector continued for one more month. The 5 year old vessel prices jumped from US$ 140.5m in May to US$ 146m in June. 10 year and 15 year old asset prices moved up in smaller increments as well to reach US$ 118.3m and US$ 85m. The prices remained mainly unchanged during early July, with the only exception of the 10 years old units. Despite the softening period market in the recent months, the demand for the vessels available for immediate trading remains high. This can be reflected in the fact that the 5 year old prices are US$ 18.5m above the newbuilding prices.

Newbuild and prompt resale values also moved upwards over the last few months. Prompt resale prices at the moment are sitting US$ 50.5 m above the newbuilding prices.

Count of Sales by Age Grouping



The beginning of the current year brought a spectacular number of transactions in the VLCC sector. Since the peak in January, the average number of monthly transactions has been on a downward curve. During May only 2 units exchanged hands. June brought a marginal uptick in the second hand activity, as three extra ships exchanged hands during the month.

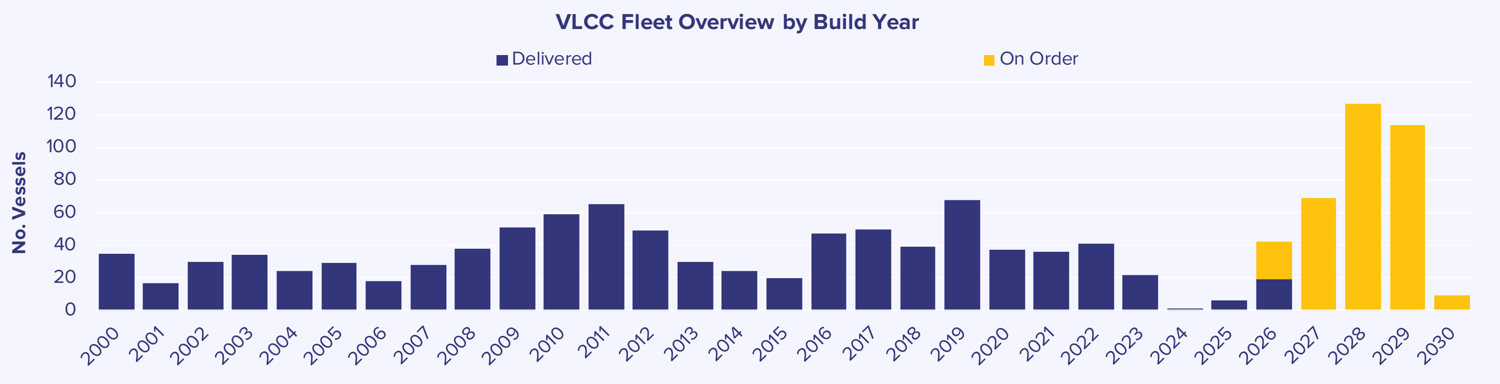
As noted in our last report, after a number of younger units were sold during the first quarter of the year, the focus of the second hand market reverted to older units. All units that reportedly exchanged hands in June were older than 15 years of age.

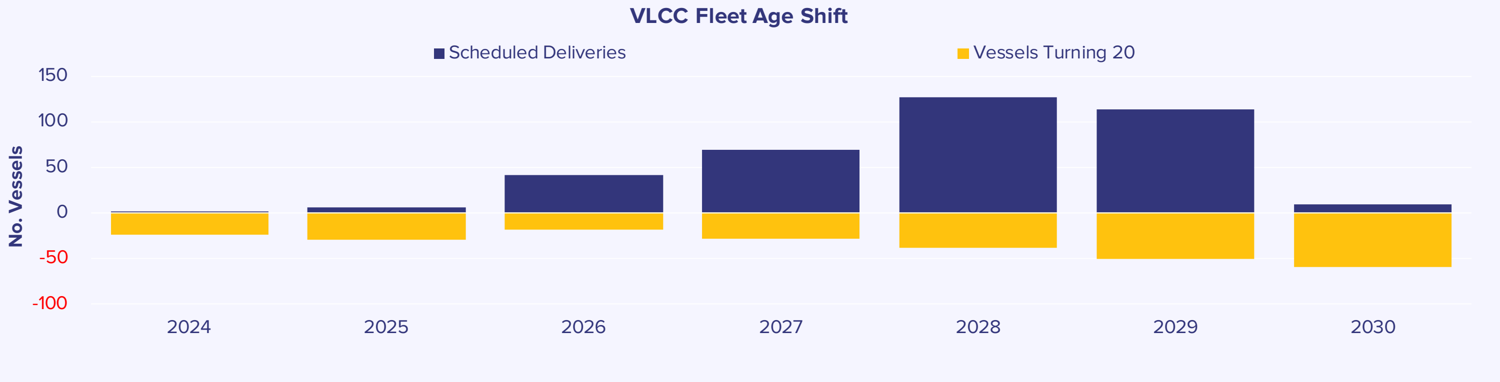
Fleet Overview

Fleet Summary

Jun-26	Total Fleet	Deliveries (ytd)	Orderbook Schedule 2026	2027	2028	2029	2030	Total Orderbook	Orderbook as % of Fleet	Recycling Recycled	Sold for Recycling
VLCC+	**904**	**19**	**23**	**69**	**127**	**114**	**9**	**342**	**38%**	**2**	**0**
Suezmax/LR3	**656**	**24**	**26**	**53**	**84**	**65**	**9**	**237**	**36%**	**2**	**0**
Of Which:											
Crude	632	24	26	53	84	65	9	237	38%	2	0
Products	24	0	0	0	0	0	0	0	0%	0	0
Aframax/LR2	**1,216**	**44**	**46**	**83**	**78**	**69**	**2**	**278**	**23%**	**2**	**0**
Of Which:											
Crude	663	5	7	10	12	5	0	34	5%	1	0
Products	553	39	39	73	66	64	2	244	44%	1	0
Panamax/LR1	**456**	**14**	**12**	**24**	**23**	**4**	**0**	**63**	**14%**	**2**	**1**
Of Which:											
Crude	56	2	0	2	4	0	0	6	11%	0	1
Products	400	12	12	22	19	4	0	57	14%	2	0
MR	**1,720**	**57**	**76**	**102**	**108**	**34**	**9**	**329**	**19%**	**4**	**2**
Of Which:											
Crude	0	0	0	0	0	0	0	0	0%	0	0
Products	1,720	57	76	102	108	34	9	329	19%	4	2

Trading Fleet Overview





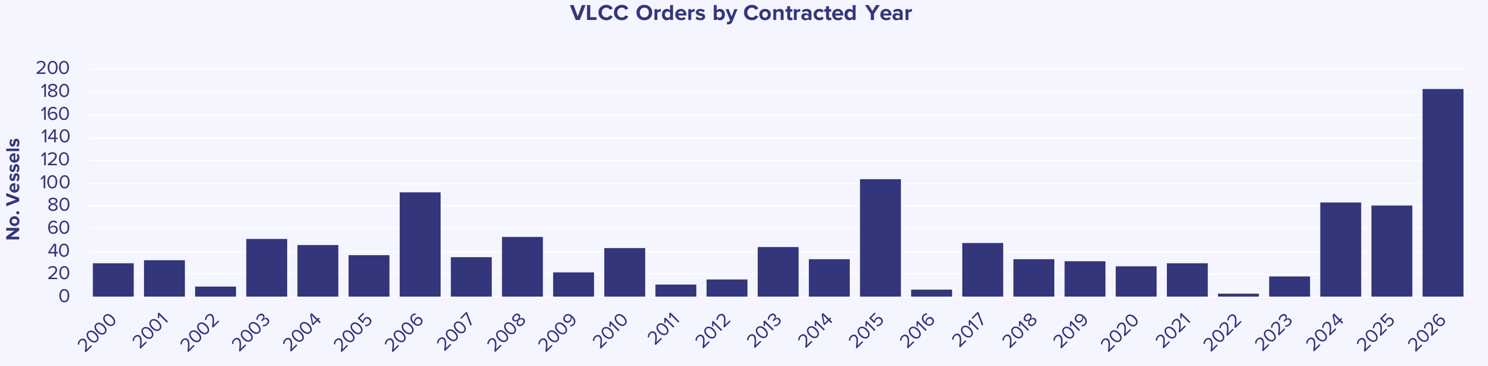
6 months into the year and there have been 6 more VLCC's hitting the water since our last report, taking the total 2026 VLCC deliveries to 19.

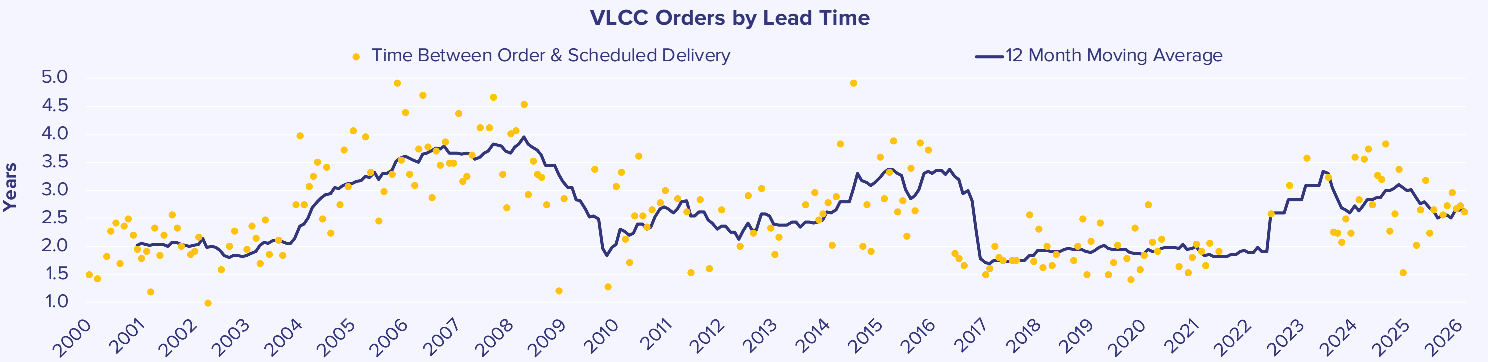
2024-25 saw a heightened period of VLCC contracting, with 163 vessels ordered. These levels continue to shape the expected deliveries over the 2026-28 period with the orderbook currently indicating that a further 23 VLCC's will hit the water by the end of the year. An additional 69 and 127 vessels are expected to be delivered in 2027 and 2028 respectively.

The upward trend of the VLCC orderbook to active fleet ratio persists, with an increase of 2% since our last report, reaching 38%. However, growth in VLCC supply may be partially offset by the aging profile of the fleet, with around 9% of the VLCC fleet turning over 20 years of age between 2026 and 2028.

Fleet Overview

Newbuilding Summary

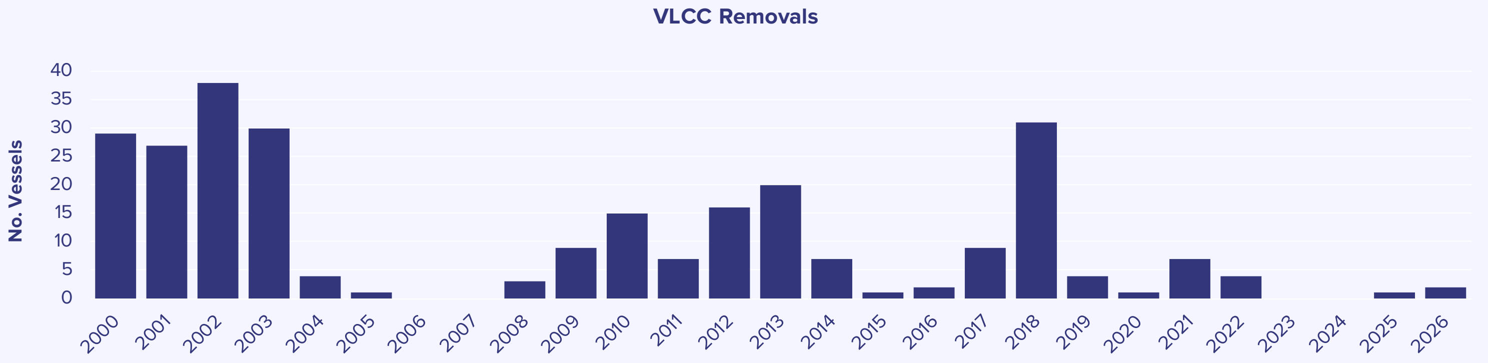




So far in 2026, 183 VLCC's have been ordered. This figure represents an amount greater than the combined total contracting between 2023 and 2025. Halfway into the year and the VLCC market has recorded more vessels being contracted than any other year to date, with an addition of 21 contracted VLCCs since our last report.

Lead times for new orders remain elevated, with the 12-month rolling average sitting at 2.75 years.

Recycling Summary

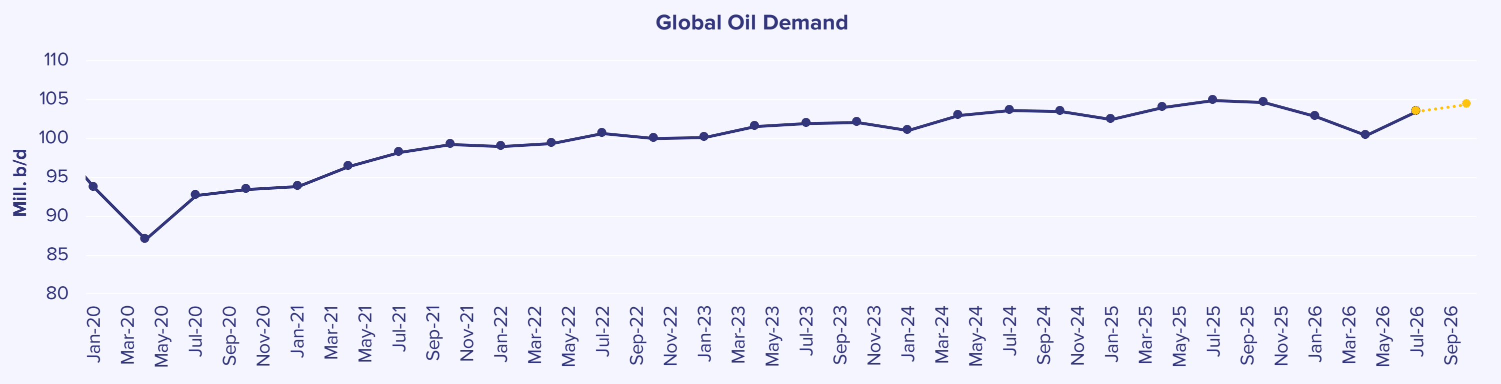


Demolition activity within the VLCC market is showing gradual signs of improvement , with an additional vessel sent for scrapping since our last report. In total 2 VLCC's have been scrapped this year, the highest yearly amount since 2022. Although pricing data still indicates limited economic incentive for VLCC recycling.

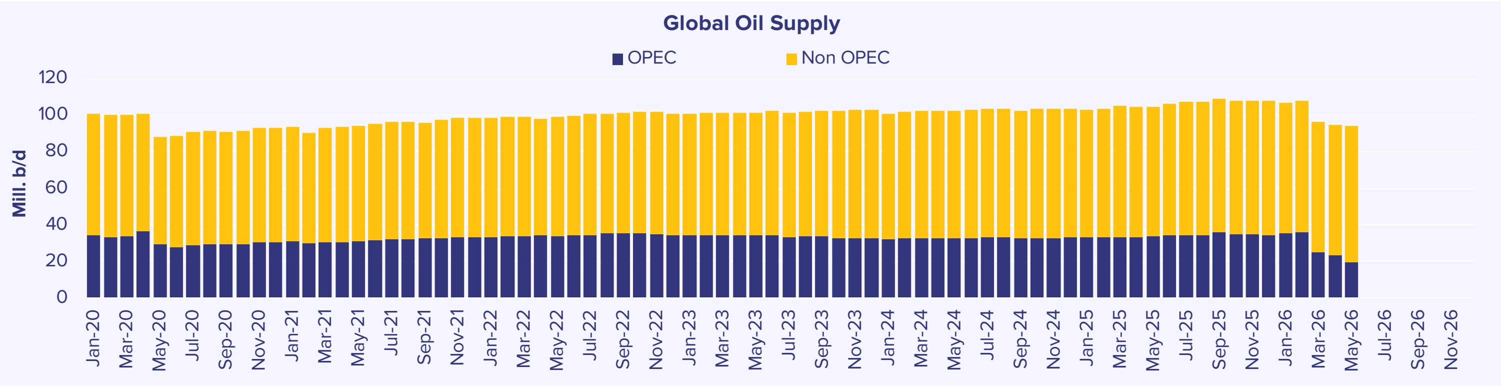
Unprecedented levels of contracting in the VLCC market this year, In conjunction with the ageing profile of this segment, suggest there could be a growing list of demolition candidates over the next few years if the economic incentive begins to materialise.

Tanker Demand Fundamentals

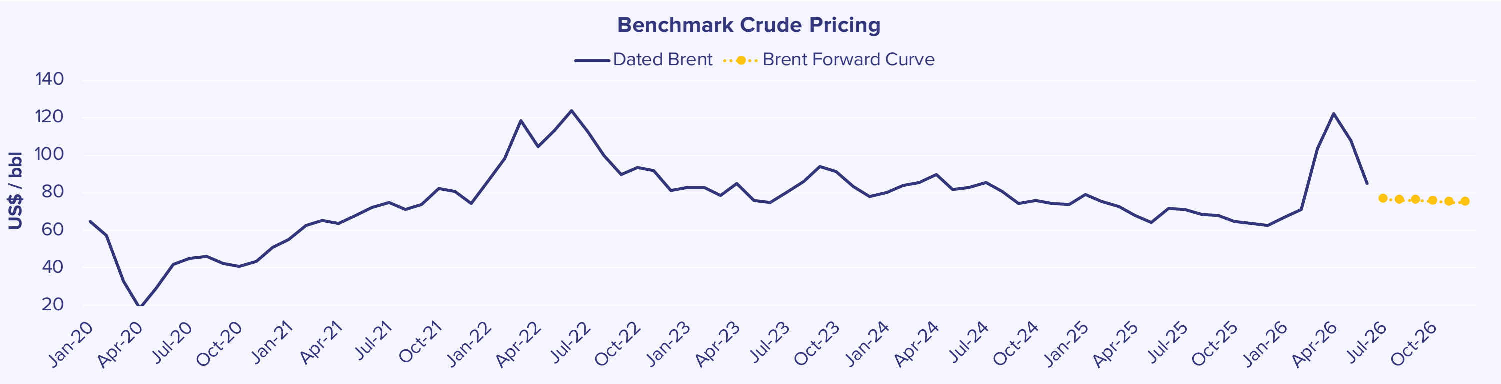
Global Oil Demand



Global Oil Supply



Crude Pricing



There was some meaningful progress made last month with regards to talks about potential normalisation of the passage through the Strait of Hormuz. An MOU between the US and Iran was published by various media outlets in the second half of June, which is expected to outline the basis for the further negotiation. However, many major points remained undefined, and the situation further deteriorated very soon after that, with the attacks on the commercial ships reported in the region in recent days, and the US renewing the attacks on Iran as a consequence. Last month was also eventful from the perspective of the OFAC effectively authorising transactions related to Iranian oil and petroleum products, in line with point 10 of the MOU, for the period between 22nd of June to 21st of August this year. However, this has been revoked recently with the situation in the region deteriorating.

As a consequence of the MOU, the crude oil prices corrected downwards significantly. Recent attacks put an upward pressure on prices with Brent price closing to US$ 80/b mark. The traffic through the Straits started picking up, however still is remaining below the pre war levels. With the recent tensions it remains to be seen how many owners are willing to enter the area.

In their most recent report and taking into account the MOU and under presumption that the deal holds, the IEA outlook on both supply and demand improved. The second quarter demand is expected to drop by 5 mb/d year on year, and around 1.1 mb/d for 2026 as a whole. In 2026 the demand is projected to drop to 103.3 mb/d from 104.4 mb/d last year. Oil supply is expected to fall by 3.6 mb/d on average in 2026 to 102.4 mb/d. If the peace lasts and the recovery indeed happens, on top of normalisation of trade, we may see some recovery of already depleted stocks, which can have a positive influence on the overall tanker demand.

Source: IEA, Bloomberg

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